

ORDINANCE NO 2025- _____
CITY OF OSAKIS
COUNTIES OF DOUGLAS AND TODD
STATE OF MINNESOTA

AN ORDINANCE REPEALING AND REPLACING CHAPTER 125: CANNABIS BUSINESSES

The City Council of the City of Osakis, Douglas and Todd Counties, State of Minnesota, does hereby ordain sections which are not proposed to be amended are omitted; sections which are only proposed to be re-numbered are only set forth below as to their number and title):

SECTION 1. City of Osakis City Code, Chapter 125 – Cannabis Businesses, is hereby repealed in its entirety and replaced as follows:

GENERAL PROVISIONS

§ 125.01 FINDINGS AND PURPOSE.

The City Council for the City of Osakis makes the following legislative findings:

(A) The purpose of this ordinance is to implement the provisions of M.S.Ch. 342, which authorizes the City to protect the public health, safety, welfare of the City residents by regulating cannabis businesses within the legal boundaries of the City.

(B) The City Council for the City of Osakis finds and concludes that the proposed provisions are appropriate and lawful land use regulations for the City of Osakis, that the proposed amendments will promote the community's interest in reasonable stability in zoning for now and in the future, and that the proposed provisions are in the public interest and for the public good.

§ 125.02 ADOPTION OF STATE LAW BY REFERENCE.

Except as further restricted or regulated by this Chapter, the provisions of M.S. ch. 342, relating to cannabis and hemp regulation and the corresponding state rules with respect to the same are hereby adopted and made a part of this Chapter as if set out herein in full. In accordance with M.S. §§ 342.13 and 342.22, the City may impose further restrictions and regulations within city limits. Whenever there is an inconsistency between the provisions of M.S. ch. 342, as amended, and the provisions of this Chapter, the more restrictive provision shall govern, unless preempted by state law.

§ 125.03 AUTHORITY & JURISDICTION.

The City Council for the City of Osakis has the authority to adopt this ordinance pursuant to:

(A) M.S. § 342.13(c), regarding the authority of a local unit of government to adopt reasonable restrictions of the time, place, and manner of the operation of a cannabis business provided that such restrictions do not prohibit the establishment or operation of cannabis businesses.

(B) M.S. § 342.22, regarding the local registration and enforcement requirements of state-licensed cannabis retail businesses and lower-potency hemp edible retail businesses.

(C) M.S. § 152.0263, Subd. 5, regarding the use of cannabis in public places.

(D) M.S. § 462.357, regarding the authority of a local authority to adopt zoning ordinances.

This Chapter shall be applicable to the legal boundaries of City of Osakis, Minnesota.

§ 125.04 SEVERABILITY.

If any section, clause, provision, or portion of this Chapter is adjudged unconstitutional or invalid by a

court of competent jurisdiction, the remainder of this Chapter shall not be affected thereby.

§ 125.05 ENFORCEMENT.

The Zoning Administrator is responsible for the administration and enforcement of this Chapter. Any violation of the provisions of this Chapter or failure to comply with any of its requirements constitutes a misdemeanor and is punishable as defined by law. Violations of this Chapter can occur regardless of whether or not a permit is required for a regulated activity listed in this Chapter.

§ 125.06 DEFINITIONS.

Unless otherwise noted in this section, words and phrases contained in M.S. § 342.01 and the rules promulgated pursuant to any of these acts, shall have the same meanings in this Chapter.

(A) Cannabis Cultivation: A cannabis business licensed to grow cannabis plants within the approved amount of space from seed or immature plant to mature plant, harvest cannabis flower from mature plant, package and label immature plants and seedlings and cannabis flower for sale to other cannabis businesses, transport cannabis flower to a cannabis manufacturer located on the same premises, and perform other actions approved by the office.

(B) Cannabis Retail Businesses: A retail location and the retail location(s) of mezzo businesses with a retail operations endorsement, microbusinesses with a retail operations endorsement, medical combination businesses operating a retail location, excluding lower-potency hemp edible retailers.

(C) Cannabis Retailer: Any person, partnership, firm, corporation, or association, foreign or domestic, selling cannabis product to a consumer and not for the purpose of resale in any form.

(D) Daycare: A location licensed with the Minnesota Department of Human Services to provide the care of a child in a residence outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(E) Lower-potency Hemp Edible: As defined under M.S. § 342.01 subd. 50.

(F) Office of Cannabis Management: Minnesota Office of Cannabis Management, referred to as "OCM" in this Chapter.

(G) Place of Public Accommodation: A business, accommodation, refreshment, entertainment, recreation, or transportation facility of any kind, whether licensed or not, whose goods, services, facilities, privileges, advantages or accommodations are extended, offered, sold, or otherwise made available to the public.

(H) Preliminary License Approval: OCM pre-approval for a cannabis business license for applicants who qualify under M.S. § 342.17.

(I) Public Place: A public park or trail, public street or sidewalk; any enclosed, indoor area used by the general public, including, but not limited to, restaurants; bars; any other food or liquor establishment; hospitals; nursing homes; auditoriums; arenas; gyms; meeting rooms; common areas of rental apartment buildings, and other places of public accommodation.

(J) Residential Treatment Facility: As defined under M.S. § 245.462 subd. 23.

(K) Retail Registration: An approved registration issued by the City of Osakis to a state- licensed cannabis retail business.

(L) School: A public school as defined under M.S. § 120A.05 or a nonpublic school that must meet the

reporting requirements under M.S. § 120A.24.

(M) State License: An approved license issued by the State of Minnesota's Office of Cannabis Management to a cannabis retail business.

RETAIL REGISTRATION

§ 125.10 REGISTRATION OF CANNABIS RETAIL BUSINESSES.

(A) *Registration Required.* No individual or entity may operate a state-licensed cannabis retail business or lower-potency hemp edible retailer within the City of Osakis without first registering with the Zoning Administrator.

(B) *Violation; penalty.* Any state-licensed cannabis retail business or lower-potency hemp edible retailer that sells to a customer or patient within the City without valid retail registration shall incur a civil penalty of \$500 for each violation.

§ 125.11 PRELIMINARY INSPECTION PRIOR TO RETAIL REGISTRATION.

Prior to issuance of a cannabis retail business registration to a cannabis retail business or a lower-potency hemp edible retailer, the City shall conduct a preliminary inspection to ensure compliance with local ordinances.

§ 125.12 RESPONSE TO OCM REQUIRED.

Pursuant to M.S. § 342, within 30 days of receiving a copy of a state license application from OCM, to the extent the City is able, the City shall certify on a form provided by OCM whether a proposed cannabis or hemp business complies with local zoning ordinances and, if applicable, whether the proposed business complies with the state fire code and building code.

§ 125.13 FEES.

(A) A registration fee, as established in the City's Fee Schedule Ordinance, shall be charged to applicants depending on the type of retail business license applied for.

(B) An initial retail registration fee shall not exceed \$500 or half the amount of an initial state license fee under M.S. § 342.11, whichever is less. The initial registration fee shall include the initial retail registration fee and the first annual renewal fee.

(C) Any renewal retail registration fee imposed by City shall be charged at the time of the second renewal and each subsequent renewal thereafter.

(D) A renewal retail registration fee shall not exceed \$1,000 or half the amount of a renewal state license fee under M.S. § 342.11, whichever is less.

(E) A medical combination business operating an adult-use retail location may only be charged a single registration fee, not to exceed the lesser of a single retail registration fee, defined under this section, of the adult-use retail business.

§ 125.14 APPLICATION.

The City shall issue a retail registration to a state-licensed cannabis retail business or lower-potency hemp edible retailer that adheres to the requirements of M.S. § 342.22 and this Chapter.

(A) An applicant for a retail registration shall fill out an application form, as provided by the City. Said form shall include, but is not limited to:

- (1) Full name of the property owner and applicant;

- (2) Address, email address, and telephone number of the applicant;
- (3) The address and parcel ID for the property which the retail registration is sought;
- (4) Certification that the applicant complies with the requirements of local ordinances established pursuant to M.S. § 342.13.
- (5) Verification of land use compliance by the Zoning Administrator.

(B) The applicant shall include with the form:

- (1) the application fee as required in § 125.13;
- (2) a copy of a valid state license or written notice of OCM license preapproval;

(C) Once an application is considered complete, the Zoning Administrator shall inform the applicant as such and forward the application to City Council for approval or denial. If the City Council finds cause to deny the application, the City shall give notice to the applicant of a hearing before the City Council before the application for registration is officially denied. The applicant shall have an opportunity to be heard at such hearing.

(D) The application fee shall be non-refundable once processed.

§ 125.15 APPLICATION APPROVAL.

(A) A state-licensed cannabis retail business or lower-potency hemp edible retailer registration application shall not be approved or renewed if the applicant is unable to meet the requirements of this Chapter or would exceed the limit on cannabis retail businesses permitted to operate in the City pursuant to this Chapter.

(B) No registration shall be granted or renewed for operation on any premises on which taxes, assessments, utility charges, service charges, or other financial claims of the City are delinquent and unpaid.

(C) A state-licensed cannabis retail business or lower-potency hemp edible retailer registration application that meets the requirements of this Chapter shall be approved.

§ 125.16 ANNUAL COMPLIANCE CHECKS.

(A) The City shall complete at minimum one compliance check per calendar year of every cannabis business and lower-potency hemp edible retailer to assess if the business meets and follows the requirements required under M.S. § 342.22 Subd. 4(b) and M.S. § 342.24.

(B) The City shall conduct at minimum, one unannounced age verification compliance check at least once per calendar year.

(C) Age verification compliance checks shall involve persons at least 17 years of age but under the age of 21 who, with the prior written consent of a parent or guardian if the person is under the age of 18, attempt to purchase adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products under the direct supervision of a law enforcement officer or an employee of the local unit of government.

(D) Any failures under this Section must be reported to the Office of Cannabis Management.

§ 125.17 LOCATION CHANGE.

A state-licensed cannabis retail business or lower-potency hemp edible retailer shall be required to submit

a new application for registration under Section 125.14 if it seeks to move to a new location still within the legal boundaries of the City of Osakis.

§ 125.18 RENEWAL OF REGISTRATION.

(A) The City of Osakis shall renew an annual registration of a state-licensed cannabis retail business or lower-potency hemp edible retailer at the same time OCM renews the cannabis retail business' license.

(B) A state-licensed cannabis retail business or lower-potency hemp edible retailer shall apply to renew registration on a form established by the City of Osakis.

(C) A cannabis retail registration issued under this Chapter shall not be transferred.

§ 125.19 RENEWAL FEES.

The City of Osakis may charge a renewal fee for the registration starting at the second renewal, as established in City's fee schedule.

§ 125.20 RENEWAL APPLICATION.

The application for renewal of a retail registration shall include, but is not limited to:

(A) Items required under § 125.14 of this Chapter.

(B) Other items required by the City and Zoning Administrator to ascertain the registration is in compliance with the City Code.

§ 125.21 SUSPENSION OF REGISTRATION.

(A) *When Suspension is warranted.* The City may suspend the registration of a cannabis retail business or lower-potency hemp edible retailer if it violates this Chapter or poses an immediate threat to the health or safety of the public. The City shall immediately notify the cannabis retail business or lower-potency hemp edible retailer in writing the grounds for the suspension.

(B) *Notice of hearing.* Prior to imposing a fine or suspending any retail registration under paragraphs (A) or (H) this section, the City shall provide the registered business with written notice of the alleged violations and inform the registered business of its right to a hearing on the alleged violation.

(C) *Hearing.* If a registered business accused of violating this Chapter or the governing state law so requests in writing, filed with the City Clerk, a hearing shall be scheduled, the time and place of which shall be published and provided by the City Clerk to the accused violator. Hearing requests must be made within ten (10) business days of the issuance of the notice of violation and delivered to the City Clerk or other designated City officer. Failure to properly request a hearing within ten (10) business days of the issuance of the notice of violation will terminate the person's right to a hearing and constitute waiver of said right to a hearing. The City Clerk or other designated City officer will set the time and place for the hearing. Written notice of the hearing time and place will be mailed or delivered to the accused violator at least ten (10) calendar days prior to the hearing.

(D) *Decision.* If the City Council determines that a violation of this chapter did occur, that decision, along with the City Council's reasons for finding a violation and the penalty to be imposed under his Chapter, shall be recorded in writing, a copy of which shall be provided to the accused violator by in person or mail delivery as soon as practicable following the hearing date or the date of any continuance, recess or postponement thereof. Likewise, if the City Council finds that no violation occurred or finds grounds for not imposing any penalty, such findings shall be recorded and a copy provided to the acquitted accused violator by in person or mail delivery as soon as practicable.

(E) *Notification to OCM.* The City shall immediately notify the OCM in writing the grounds for the suspension. OCM will provide the City and cannabis retail business or lower-potency hemp edible retailer a

response to the complaint within seven calendar days and perform any necessary inspections within 30 calendar days.

(F) *Length of Suspension.* The suspension of a cannabis retail business registration may be for up to 30 calendar days, unless OCM suspends the license for a longer period. The business may not make sales during this period to customers if their registration is suspended.

(G) *Reinstatement.* The City shall reinstate a registration if the City or OCM determines that the violation(s) have been resolved.

(H) *Civil Penalties.* Subject to M.S. § 342.22, subd. 5(e) the City may impose a civil penalty, as specified in the City's Fee Schedule, for registration violations, not to exceed \$2,000.

§ 125.22 LIMITING OF REGISTRATIONS.

(A) If the Counties of Douglas and Todd has one active cannabis retail business registration for every 12,500 residents, the City of Osakis shall not be required to register additional state licensed cannabis retail businesses.

(B) In no event shall the City of Osakis have more than one cannabis retail business within the City of Osakis boundaries. This limitation shall not apply to (1) medical cannabis combination businesses licensed by the OCM and (2) lower-potency hemp edible retailers.

(C) Registration will be first come, first served. The City shall only consider completed applications in compliance with § 125.14.

§ 125.23 HOURS OF OPERATION.

Cannabis retail businesses are limited to retail sale of cannabis, cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products between the hours of 8:00 AM and 10:00 PM, Monday through Saturday and 10:00 AM until 9:00 PM on Sundays.

§ 125.24 ADVERTISING.

As allowed under city code for the underlying zoning district and state law. Sign permits are required for all signs erected.

§ 125.25 BUFFER REQUIREMENTS FOR CANNABIS BUSINESSES.

(A) The City shall prohibit the operation of a cannabis business:

- (1) within 1,000 feet of a school;
- (2) within 500 feet of a day care;
- (3) within 500 feet of a residential treatment facility;
- (4) within 500 feet of an attraction within a public park that is regularly used by minors, including a playground or athletic field; or
- (5) within 500 feet of another cannabis retail business.

(B) Upon application to the Planning Commission, on a case-by-case basis, and after a posted Public Hearing, the Planning Commission may amend the buffer requirements, by the use of a Conditional Use Permit application. Applicant must pay all CUP fees in addition to any other applicable fee or registration fee pursuant to this Chapter. The Planning Commission reserves the right to reject any and all applications or

amend or adjust the applications and parameters.

(C) Pursuant to M.S. § 462.367 subd. 14, nothing in this Section shall prohibit an active cannabis business or a cannabis business seeking registration from continuing operation at the same site if a school, daycare, residential treatment facility, attraction within a public park that is regularly used by minors moves within the minimum buffer zone.

§ 125.26 ZONING AND LAND USE.

(A) *Cannabis Cultivation.* Cannabis businesses licensed or endorsed for cultivation are a Permitted Use in the following zoning districts:

(1) C-3 (Highway Commercial)

(2) I-1 (General Industrial)

(B) *Cannabis Manufacturer.* Cannabis businesses licensed or endorsed for cannabis manufacturer are a Permitted Use in the following zoning districts:

(1) C-3 (Highway Commercial)

(2) I-1 (General Industrial)

(C) *Hemp Manufacturer.* Businesses licensed or endorsed for low-potency hemp edible manufacturers are a Permitted Use in the following zoning districts:

(1) C-3 (Highway Commercial)

(2) I-1 (General Industrial)

(D) *Cannabis Wholesale.* Cannabis businesses licensed or endorsed for wholesale are a Permitted Use in the following zoning districts:

(1) C-3 (Highway Commercial)

(2) I-1 (General Industrial)

(E) *Cannabis Retail.* Cannabis businesses licensed or endorsed for cannabis retail are by a Conditional Use in the following zoning districts:

(1) C-3 (Highway Commercial)

(F) *Lower-Potency Hemp Edible Retail.* Hemp businesses licensed or endorsed as lower-potency hemp edible retailers are a Permitted Use in the following zoning districts:

(1) C-1 (Central Commercial)

(2) C-2 (General Commercial)

(3) C-3 (Highway Commercial)

(G) *Cannabis Transportation.* Cannabis businesses licensed or endorsed for transportation are a Permitted Use in the following zoning districts:

(1) C-3 (Highway Commercial)

(2) I-1 (General Industrial)

(H) *Cannabis Delivery.* Cannabis businesses licensed or endorsed for delivery are a Permitted Use in

the following zoning districts:

- (1) C-3 (Highway Commercial)
 - (2) I-1 (General Industrial)
- (I) *All Other Cannabis Businesses Licensed by the State Not Listed Above.* All other Cannabis businesses licensed by the state are by a Conditional Use in the following Zoning Districts:
- (1) C-3 (Highway Commercial)
 - (2) I-1 (General Industrial)

TEMPORARY CANNABIS EVENTS

§ 125.35 LICENSE OR PERMIT REQUIRED FOR TEMPORARY CANNABIS EVENTS.

A license or permit is required to be issued and approved by City prior to holding a Temporary Cannabis Event.

§ 125.36 TEMPORARY CANNABIS EVENT FEE.

A fee, as established in City's fee schedule, shall be charged to applicants for Temporary Cannabis Events.

§ 125.37 APPLICATION SUBMITTAL & REVIEW.

(A) The City of Osakis shall require an application for Temporary Cannabis Events.

(B) An applicant shall fill out an application form, as provided by the City. Said form shall include, but is not limited to:

- (1) Full name of the property owner and applicant;
- (2) Address, email address, and telephone number of the applicant;
- (3) Full site plan;
- (4) A depiction of any premises for which the applicant seeks approval from the City to designate as an area for on-site consumption of adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, hemp-derived consumer products, or any combination thereof. The City reserves the right to deny any application for on-site consumption at a temporary cannabis event with or without denial of the application for the temporary cannabis event in its entirety;
- (5) Times of operation;
- (6) Proof of Insurance at least equal to City of Osakis tort liability limits under M.S. § 466.04 and naming the City as additional insured; and
- (7) Security plan approved by the County Sheriff's Department or other qualified Law Enforcement agency chosen by the city.

(C) The applicant shall include with the form:

- (1) the application fee as required in City's fee schedule; and
- (2) a copy of the OCM cannabis event license application, submitted pursuant to M.S. § 342.39,

subd. 2 or subsequent State licensing requirements.

(D) The application shall be submitted to the City Clerk, or other designee for review. If the designee determines that a submitted application is incomplete, they shall return the application to the applicant with the notice of deficiencies.

(E) Once an application is considered complete, the designee shall inform the applicant as such, process the application fees, and forward the application to the Osakis City Council that will approve or deny the request for approval or denial.

(F) The fee shall be non-refundable once processed.

(G) A request for a Temporary Cannabis Event that meets the requirements of this Section may be approved if the City Council makes the finding that the event is in the best interest of the citizens of the city, will not create undue hardships, stress infrastructure, safety, security, environment or convenience of the citizens.

(H) A request for a Temporary Cannabis Event that does not meet the requirements of this sections shall be denied. The City will notify the applicant of the standards not met and the basis for denial.

(I) All events must meet all other applicable city codes for events and event approvals.

(J) On-site consumption of cannabis flower, cannabis products, lower-potency hemp edibles, hemp-derived consumer products, or any combination of those items, if approved by the City, must be limited to the designated area approved by the City and, if located in an outdoor area, must be surrounded by commercial grade fencing.

(K) All uses of City property must be reviewed and approved by the City Council, the City Council reserves the right to reject any application if the City Council makes the finding that the request is not in the best interest of the city, it's citizens, creates a hardship, stresses infrastructure, safety, security, the environment or the convenience of the citizens, and reserves the right to set a fee for the use of city property commensurate with the costs to the city of an individual application on a case by case basis.

USE IN PUBLIC PLACES

§ 125.45 PROHIBITION ON CANNABIS USE IN PUBLIC PLACES.

No person shall use cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in a public place or a place of public accommodation as prohibited under § 90.25 of this code.

SECTION 2. Effective Date. This Ordinance shall take effect upon adoption and publication as required by State law.

Passed this ____ day of _____, 20__ by a _____ vote.

Judy Dvorsak, Mayor

Attest:

Angela A. Jacobson, City Clerk/Treasurer